



EMPLOYMENT ISSUES UPDATE.

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Issue No 53

REDUNDANCY

Redundancy has pushed its way to the top of the most frequently asked questions list of the Chartered Institute of Personnel and Development's legal helpline as employers get to grip with the credit crunch. Whether managing redundancies for the first time, or old hands at the job, the procedure for redundancy is there to be adhered to.

Redundancy is defined in the ERA 1996 as arising where:

- a) the employer ceases to carry on the business in which the employee was engaged –or closes the place in which he/she was working;
- b) the business ceases to require people with the particular skills of the employee or needs fewer of them to carry out the work;
- c) the dismissal is for a reason not related to the individual concerned or for a number of reasons all of which are not so related.

As soon as an employer is aware of a redundancy situation they should invite those affected employees in for a collective meeting at the earliest opportunity to discuss the issue.

This initial meeting is the start of the statutory consultation period, the length of which depends on the number at risk and can involve statutory reporting to the BERR in cases of 20 or more. During the meeting discussion points would include the reason for the meeting i.e. loss of workload, loss of revenue etc. Other agenda points will include any suitable alternative employment and the application deadlines of those positions within the company that either party could apply for as an option. The meeting would be concluded with an invite to a second meeting which will be the employees chance to offer counter proposals. Park City can draft the letter of invite as the employee(s) need to be formally invited and given the right to representation.

At the second meeting the employer will listen to any counter proposals and discuss other roles as necessary and make any further suggestions from the Company.

At the end of the consultation period if there are no suitable alternatives or successful counter proposals to the redundancy, and a pool of employees is involved the employer will start to make a criteria list in preparation for the selection process. Park City can provide a process and the criteria for the Employer. Employees will need to be consulted on any criteria to be used for selection purposes.

Once the employer has completed the selection process all employees would be invited back to discuss the outcome. At this point the employees involved in selection would be told who will be made redundant and who will carry on in employment on a 1 - 1 basis. During this process the employer would produce the list showing anonymised individual scores, so that the employee can see that the selection was fair and just.

The employees who were unfortunate enough to be made redundant would be given notice, followed by a letter of outcome confirming the payout, etc. Remember the final step must comply with the 3 step dismissal process in line with current statutory legislation and employees will be entitled to a trade union or work colleague as a representative.

The penalty to the employer for not following the correct procedure may result in tribunal who in turn may award the following max payments:

- | | |
|---------------------------|----------------------|
| a. Max redundancy pay | £9,900 (per person) |
| b. Max compensatory award | £63,000 (per person) |
| c. Total payable | £72,900 (per person) |

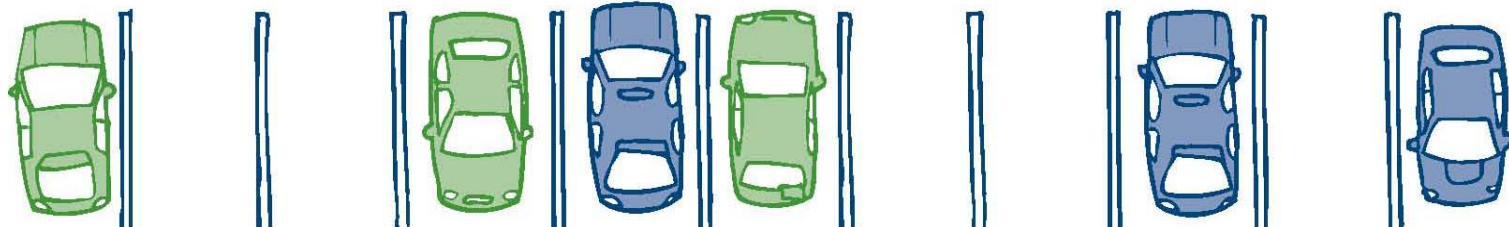
Redundancy can be a complicated process and can vary dependant on numbers involved and the type of redundancies taking place. This article is designed to provide a general summary of the key areas to consider, but for specific guidance on any aspect of redundancy please do not hesitate to contact Park City for guidance.

Watch this space for an update on forthcoming client workshops on various HR topics.

Warren Rodgers, Human Resources Consultant

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Ever wished you could park your worries?



HR, THE CREDIT CRUNCH AND THE ECONOMY

We have all heard about the credit crunch and the current economic climate is a difficult one. Redundancies may be a reality for some but thankfully not for all. If this is an issue facing your business there is some guidance within this newsletter that will begin to ease the pressure, and our Consultants are always available to navigate you through the redundancy minefield. However there are more positive steps you can take as a business to manage your way through the uncertain time ahead. Now more than ever companies need the support of qualified and experienced HR Professionals. A clear HR strategy will ensure that the foundations of your business are not compromised.

Keeping hold of good staff is critical, as retention of key skills becomes a market differentiator, also recruitment costs can escalate rapidly. There is also a clear need to have an efficient, high performing set of employees, when profit margins are tight you need to maximise the resources you have. The steps below highlight some of the key ways to retain staff:

Recruitment

Use person specifications and job descriptions to identify exactly what you need and recruit against this ensuring your procedures are fair and thorough with consistent treatment for all candidates. Tribunals for discrimination will not help the budget!

Set your standards high through the interview so candidates are aware of the level of performance required and try to inspire the candidates during the interview process. It's not all about what you think of them!

Test attitude, ambition, skills and values with your selection process. Consider using first and second interviews, psychometric or practical tests. Assessment centres can be useful tools to really determine the individual's strengths and weaknesses and really identify those to be your high performers.

Induction

First impressions count, so ensure you adopt best practice induction procedures that welcomes the candidate and helps them make a positive judgement about the role. Discuss development early to aid motivation.

Probation Management.

As an employer you can't afford to carry passengers, regular formal reviews during probation are essential to address any

performance issues and to create the best possible chance of the employee contributing to the maximum and successfully completing the probation period.

Training and Development

Although the budget is tight being seen to invest in employees can help attract and retain employees and ensures you have highly skilled employees. Identify training needs specifically to ensure the training delivers what is required and ensure training is of a high standard and delivers the required elements to avoid wasted money.

Appraisal

Recognition is a key tool for motivation and appraisals are a regular form of recognition which can encourage loyalty and commitment. Develop a good appraisal scheme and ensure that time is allowed to conduct appraisals when due.

Flexibility

Offering flexible working can widen the candidate market but also offers more work life balance and increases satisfaction and therefore retention. Consider what you can do to be more flexible.

Businesses have been driving the need for a flexible workforce due to changes in market forces, the customers need for a flexible service and the need to maintain their competitive advantage.

Research conducted by The Chartered Institute of Personnel and Development, in spring 2008, found that 81% of HR departments alone had been restructured in the last 5 years and that many organisations would undergo further radical structural changes over the next 10 years.

In January 2008, consultancy Pricewaterhouse Coopers revealed that 89% of Chief Executives rated the People Agenda as their main concern and as such is critical to their business.

"I worry that many organisations have an HR Strategy that bears no relation to the actual business challenges" Nick Holley Director, HR Centre of Excellence, Henley Management College.

A Flexible Workforce project can be designed to review the challenges the organisation faces over the short, medium and long term and develop a strategy for changes in the workforce to better enable the organisation to respond to these challenges.

Should you require any support with any of the above, Park City can assist please discuss with your consultant or contact Tim Price Operations Director.

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Advice?

For further information on implementing these changes in Employment Law and Health and Safety legislation make a little space for Park City now. Call us today on 01206 752100.

Free Business Health-Check?

Would you like a Human Resources or Health and Safety check free of charge for your business? Call now on 01206 752100.



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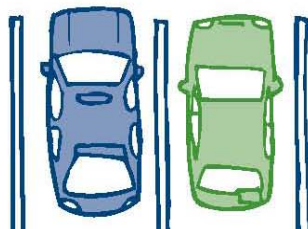
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Park City are experts in all areas of Human Resource Management. For the brochure of your choice, call us now.

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